

Half year results 2018

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AGENDA

1

KEY RESULTS H1 2018

2

STRATEGY UPDATE

3

OUTLOOK 2018

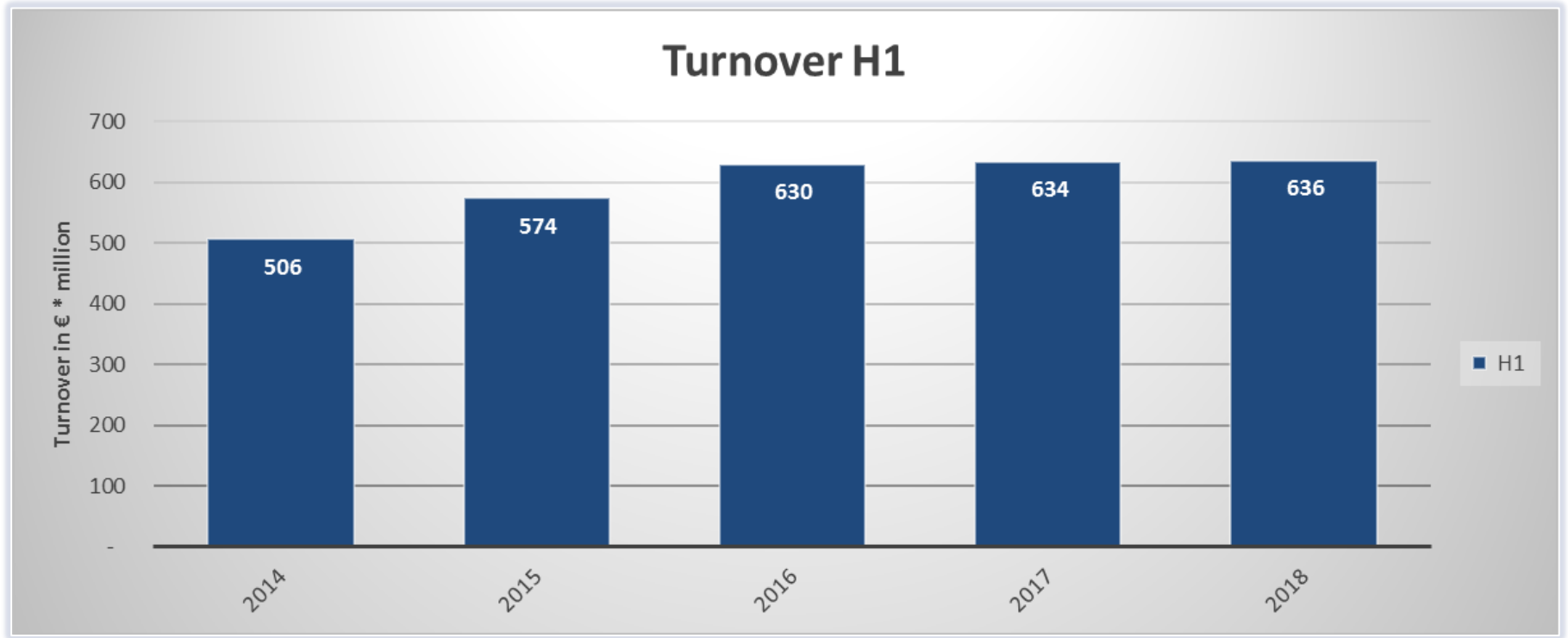


Key financial developments

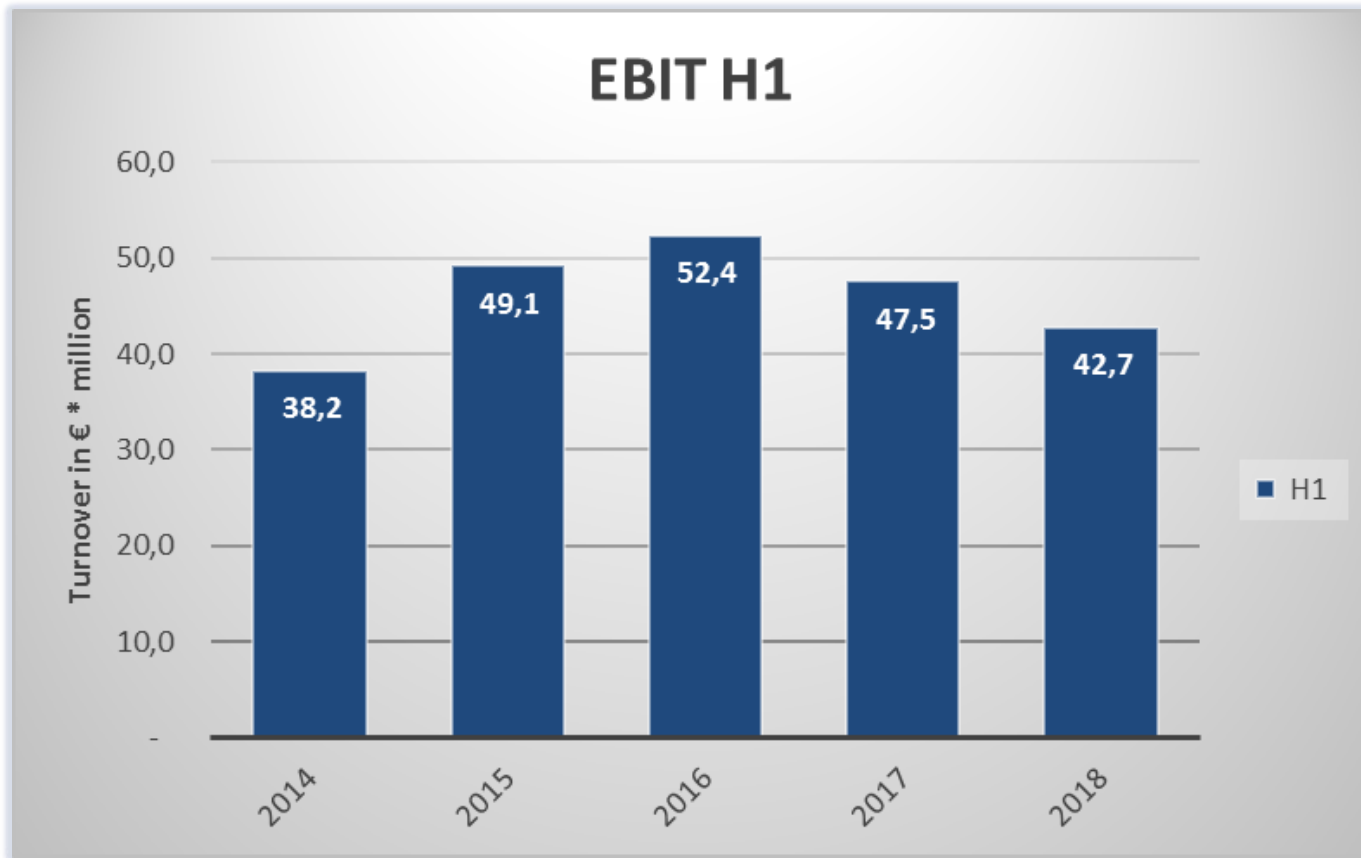
<i>(Amounts in millions of euro)</i>	H1 2018	H1 2017	Δ
Total net turnover	635.9	634.0	+0.3%
% Added value	30.1%	28.9%	
Earnings before interest & taxes (EBIT)	42.7	47.5	-10.1%
% of net turnover	6.7%	7.5%	
Net profit	25.5	26.3	-2.9%
Trade working capital	34.1%	30.2%	
Free cash flows	-10.0	35.8	
ROCE	6.2%	11.8%	

- Organic turnover growth flat (at constant currencies +2.7%), primarily due to increasing sales of e-performance bikes
- Added value higher mainly due to currency effects and to a lesser extent due to lower logistic costs and lower material costs
- Lower EBIT
 - *Clearing old inventory in North America*
 - *Higher operating costs impacted by €2.5 million in exceptional items*
- Working capital higher due to higher debtors and lower creditors
- Net profit comparable to H1 2017

Turnover development



EBIT development

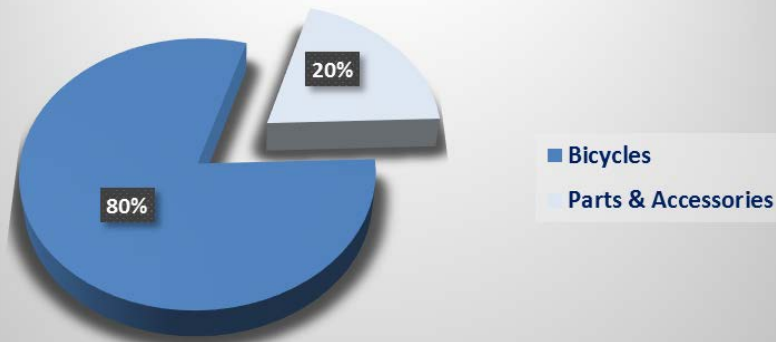


Segment bicycles

Bicycles

(Amounts in millions of euro)	H1 2018	H1 2017	Δ
Net turnover	509.3	507.7	+0.3%
Segment result	44.6	50.7	-12.0%

Segments



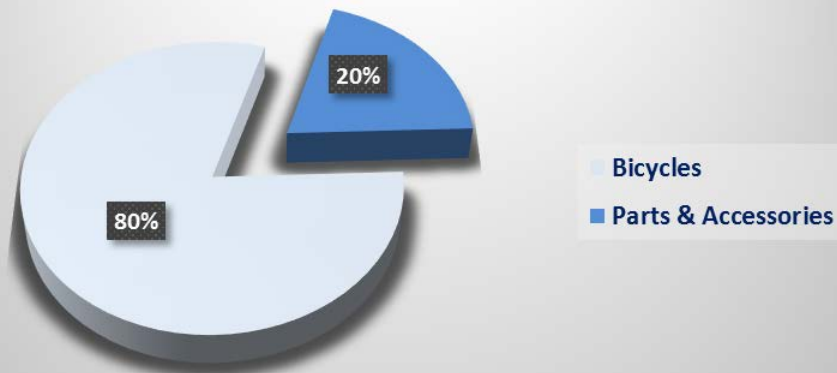
- Organic turnover growth on the back of increased e-(performance) bike sales
- While 35% of unit sales (H1 2017: 28%), turnover share of e-bikes increased to 72% (H1 2017: 65%)
- Unit sales decreased with 12% in H1 2018
- Segment result was negatively impacted by:
 - *Lower turnover and (expected) lower results in North America (clearance of old inventory)*
 - *Lower turnover in The Netherlands (both regular bikes and e-bikes)*
 - *Higher operating costs, impacted by exceptional items*

Segment parts & accessories

Parts & Accessories

(Amounts in millions of euro)	H1 2018	H1 2017	Δ
Net turnover	126.6	126.3	0.2%
Segment result	6.8	7.1	-4.2%

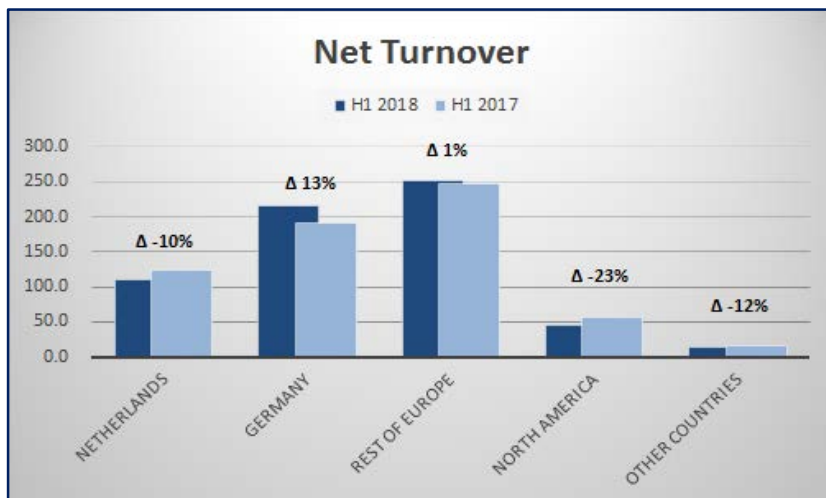
Segments



- Turnover at the same level as last year
- Turnover of Accell Group's own XLC brand on the same level
- Lower segment result due to additional cost for setting up a centralized integrated P&A business

Developments per region

Net turnover (Amounts in millions of euro)	H1 2018	H1 2017	Δ
Netherlands	110.0	122.8	-10.4%
Germany	216.7	191.0	+13.4%
Rest of Europe	251.4	247.7	+1.5%
North America	44.1	57.0	-22.5%
Other countries	13.7	15.5	-11.9%



- Lower turnover in **The Netherlands**, mainly through lower bicycle sales
- Higher turnover in **Germany**, largely due to increased sales of e-MTB's from Haibike, Ghost and Lapierre
- Higher e-MTB sales were the driver of turnover growth in **Rest of Europe**
- Lower turnover in **North America** due to loss of large Multisport customer in second half of 2017
- Turnover in **Other Countries** decreased, largely due to lower sales in Turkey

Group performance

(Amounts in millions of euro)	H1 2018	H1 2017	Δ
Net turnover	635.9	634.0	+0.3%
Added value	191.6	183.2	+4.6%
% of net turnover	30.1%	28.9%	
Operating expenses	-148.9	-135.7	+9.7%
% of net turnover	23.4%	21.4%	
	H1 2018	H1 2017	Δ
Earnings before interest & taxes (EBIT)	42.7	47.5	-10.1%
% of net turnover	6.7%	7.5%	
	H1 2018	H1 2017	Δ
Financial income and expenses	-3.6	-5.5	-34.7%
Income tax expense	-14.0	-16.0	-12.5%
Tax rate	35.5%	37.9%	
Net profit	25.5	26.3	-2.9%

- Flat organic growth in H1 2018 (against constant currencies +2.7%)
- Added value was positively impacted by:
 - *Currency effects*
 - *Lower logistic costs*
 - *Lower material cost prices*
- Higher operating cost through:
 - *Extra cost for implementation of sharpened strategy*
 - *Exceptional costs (advising, recruitment and severance)*
 - *Higher personnel costs*
- Lower financial income and expenses through:
 - *Less negative results on revaluation of positions in foreign currencies*
 - *2017 result negatively impacted by accelerated amortization of financing costs of old agreement*
- Relative high effective tax rate caused by not capitalizing tax losses mainly in North America

Capital efficiency

(Amounts in millions of euro)	H1 2018	H1 2017	Δ
Inventories	314.1	309.9	+1.3%
Trade receivables	187.3	177.4	+5.6%
Trade payables	-136.7	-169.7	-19.5%
Trade working capital	364.7	317.6	+14.8%
% of net turnover	34.1%	30.2%	
Free cash flows	-10.0	35.8	
ROCE	6.2%	11.8%	

- Higher Trade working capital caused by:
 - *Lower trade payables position (lower purchase volumes)*
 - *Higher receivables position (in line with higher turnover in the 2nd quarter)*
- Lower free cash flow as a result of the higher trade working capital
- Lower return on capital employed caused by lower EBIT and higher trade working capital

Financial ratios

<i>(Amounts in millions of euro)</i>	H1 2018	H1 2017	Δ
Net debt	177.4	120.0	+47.9%
EBITDA	48.6	52.6	-7.6%
Net debt / rolling EBITDA excl. one-offs*	3.1	1.8	
Solvency	42.5%	42.0%	
Earnings per share	0.97	1.01	
<i>*EBITDA corrected for one-offs in North America in second half 2017 (€10 million) and one-offs in 2018 (€2.5 million)</i>			

- Higher net debt largely due to higher trade working capital
- Earnings per share 4% lower

AGENDA

1

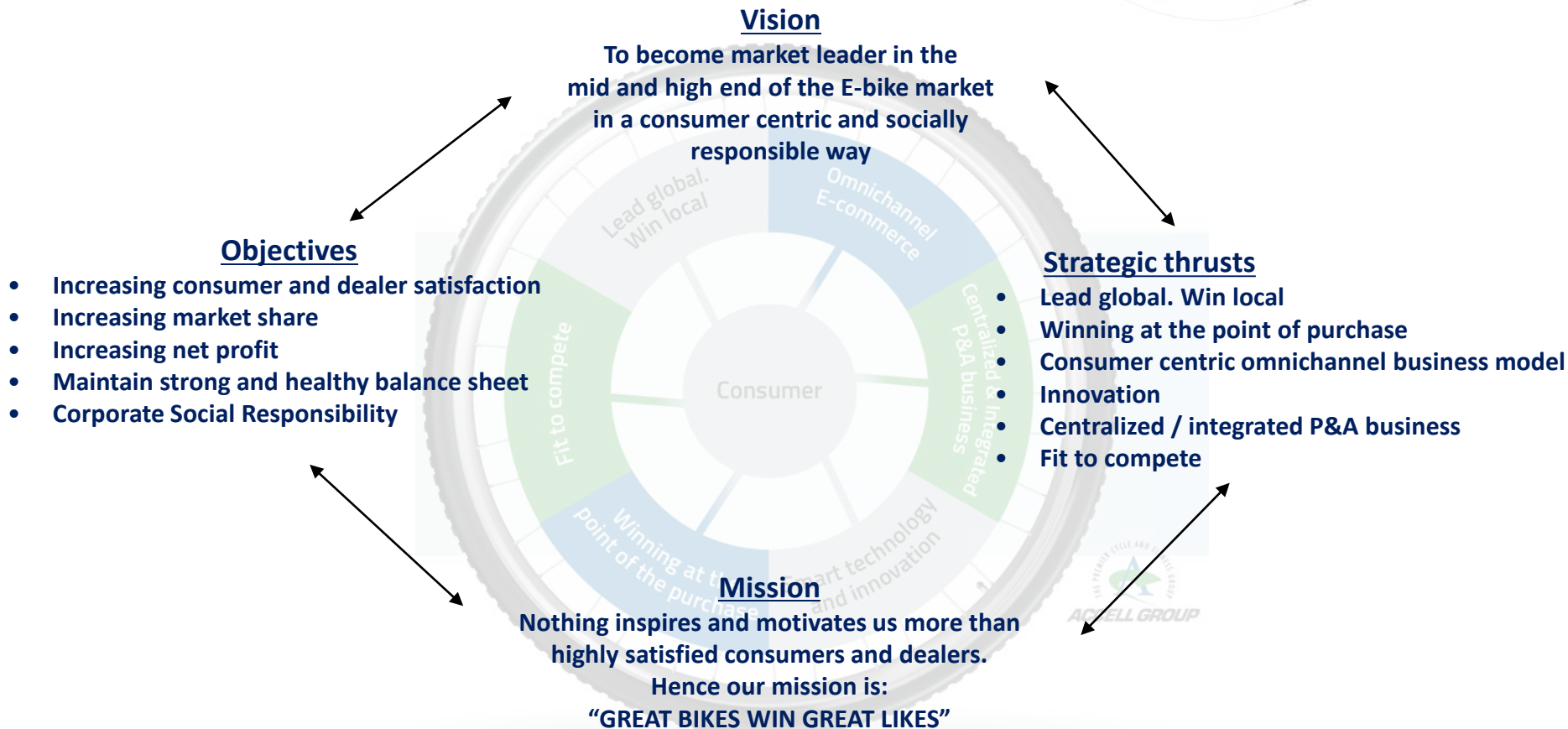
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2

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3

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Objectives

FINANCIAL OBJECTIVES 2022

- Turnover : € 1.5 billion
- Added value / Turnover : > 31%
- EBIT / Turnover : 8.0%
- Trade Working Capital / Turnover : < 25%
- ROCE : > 15%

Lead Global. Win Local

- Central commercial, supply chain matrix organization structure in place
- Key senior management appointed



Winning at the point of purchase

Regional structure established

Brand positionings sharpened

Strategic brand portfolio's per region defined

All regions/countries have access to all existing models

Model year 2019 innovations Haibike FLYON and Lapierre E Road bike successfully received by dealers

Consumer centric omnichannel business model



Develop digital e-commerce platforms



Experience center development started and dealers identified



Mobile bike service platform Beeline fully acquired and preparation for introduction in Europe started

Innovation

Focus on e-bike innovation

Focus on smart technology

Acquisition of Velosphy strengthens urban mobility innovation growth opportunities (B2C and B2B)

Global innovation centers established (lifestyle, sport, urban mobility and XLC)



Centralized / integrated P&A business



Central organization
established



P&A sales organizations
integrated into
regional/local bicycle
business



Focus on XLC brand for
OEM and aftermarket

Fit to compete



Complexity reduction
roadmaps per region
defined and being
implemented



Standardized product
platforms identified

Strategic investments and savings potential



Total additional expenditures for the period 2018 – 2022 amount to € 30 - 40 million



Potential savings in 2022 amount to € 60 – 80 million

AGENDA

1

KEY RESULTS H1 2018

2

STRATEGY UPDATE

3

OUTLOOK 2018

Outlook 2018

Cycling will remain popular in demand for mobility, leisure and sports

- From a strategic perspective, 2018 is an important transition year
- Turnover growth through higher e-bike sales and high-end regular bicycles
- Based on the above, we expect increase of Group turnover and a higher operating result in 2018, barring unforeseen circumstances



Disclaimer

- ▶ This presentation may contain forward-looking statements. These are based on our current plans, expectations and projections about future events
- ▶ Any forward-looking statement is subject to risks, uncertainties and assumptions and speak only as of the date they are made. Our results could differ materially from those anticipated in any forward-looking statement